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**COMPENSATION PLAN
STRUCTURE AND
ADMINISTRATION**



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INTRODUCTION

The Richland County Board of County Commissioners (“BOC”), in an effort to provide fair and equitable compensation for employees, hereby adopts the following compensation plan and administration procedures.

The plan is intended to cover all employees.

DEFINITIONS

Base Pay: the initial rate of compensation an employee receives, excluding additional payments such as overtime, bonuses, and benefits.

External Equity Analysis: typically evaluated by a market study. Allows an employer to determine how their pay compares to other “like” jurisdictions.

Internal Equity Analysis: measures the “worth” of a position inside the organization, i.e., the placement of a position within the appropriate pay grade.

Lump Sum: is a one-time payment given at a particular time..

Merit Increase: An increase to an hourly rate or annual salary for exceptional work performance.

Pay Grade: A step within a compensation system that defines the amount of pay an employee will receive. Pay grades facilitate the employment process by providing a fixed framework of pay ranges.

PLAN STRUCTURE

The pay schedule has been developed to include 20 pay grades and is market-based. Each position has been assigned to a pay grade. Within each pay grade, a minimum rate, mid-point rate, and a maximum rate have been identified. The advantage of this type of structure is that it allows the BOC greater flexibility in the granting of pay increases—unlike a step system. Positions were assigned to their pay grades based on a combination of internal and external equity analysis.

HIRING

New employees shall normally be hired at the minimum rate for their position. New employees who possess outstanding qualifications and experience may be hired up to the mid-point. A final exception may be made for the positions in pay grades 15 and higher, in which an individual may be hired anywhere in the pay range. This is to ensure the BOC can recruit properly for these upper-

level positions. No employee should be paid at a rate which exceeds the maximum rate for his/her position. (The exception to this rule is any employee who is making more than the maximum rate at the time the new salary schedule is implemented.)

When an employee is hired, the Director must submit the pay rate to the BOC for approval. For any position for which the Director is seeking a pay rate higher than the minimum, the Director must also provide a detailed explanation as to why the candidate qualifies for the requested pay rate (e.g., include years of relevant experience, education, previous related job functions performed, etc.).

BASE INCREASES

The amount and frequency of base pay increases to the pay schedule will be determined annually by the BOC. Employees who are at rates of pay that exceed the maximum rate for their pay grade shall receive no base increase until their rates of pay no longer exceed the maximum rate (i.e., until such time the BOC increases the maximum rate above their pay rate).

MERIT INCREASES

The amount of money available (if any) for merit increases shall be determined following the granting of base pay increases.

Merit increases may be awarded to employees based upon exceptional performance. Employees who are at rates of pay that exceed the maximum rate for their pay grade may receive a merit increase in a lump sum amount that is not intended to increase their base rate of pay.

ONE-TIME LUMP SUM PAYMENTS

Employees who are at rates of pay that exceed the maximum rate for their pay grade shall receive no base increase until their rates of pay no longer exceed the maximum rate. However, an employee who is at a rate of pay that exceeds the maximum rate for his/her pay grade may receive an increase in a lump sum amount, payable in a separate check, that is not intended to increase his/her base rate of pay. Lump sum payments shall be an equivalent percentage of the base pay increase of the individual's annual wages.

MOVEMENT BETWEEN PAY GRADES

Promotions

A promotion is the act of placing an employee in a position which requires greater skills, knowledge, and abilities to perform more complex and responsible work than the employee was required to perform in his/her previous position. When an employee is promoted, he/she will be advanced to whichever is the greater of the following: (1) the minimum rate for his/her new position, or (2) a rate of pay which is five percent (5%) greater than his/her current rate of pay, provided that said increase does not exceed the maximum rate of pay established for the position. This promotional rate will be submitted to the Executive Director for final approval.

If the Director feels that a higher increase is warranted, the Director must submit the pay rate with a detailed explanation to the Appointing Authority as to why the candidate qualifies for the requested pay rate (e.g., include years of relevant experience, education, previous related job functions, etc.).

Demotion

A demotion is the act of reducing an employee to a position which requires the performance of less complex or less responsible work than the employee was required to perform in his/her previous position. A demotion is also the reduction of an employee to a lower pay grade. If a demotion occurs for any reason, the employee's wages will be reduced by three and one-half percent (3.5%) or the maximum of the pay grade, whichever is less money.

Transfer

A transfer is the act of moving an employee from a position in a department or division to a position with the same position title in another department or division. A transfer may also result in a change in work location and/or supervisor, but not a change in significant job duties. An employee's rate of pay will not change as a result of this type of action.

Lateral Movement

A lateral movement is when an employee is assigned to a different position, but the positions are assigned to the same pay grade and schedule. An employee's rate of pay will not be affected by such change.

PLAN MAINTENANCE

Maintenance of the compensation system is an important task which cannot be neglected. Failure to properly maintain the plan may eventually result in recruitment problems, pay inequities between classes, lowered employee morale, higher employee turnover, and other related organizational problems.

Changes in Classification Functions and Responsibilities

There are numerous factors and influences which may contribute to the erosion of a compensation plan's validity. Common factors and influences generating change include:

1. Addition of new functions or responsibilities to a position/classification;
2. Abolishment or elimination of a position/classification's functions or responsibilities;
3. Reorganization of an organizational function, resulting in the consolidation of work activities;
4. Gradual change of a position/classification by addition, deletion, or modification of duties and responsibilities;
5. New or revised licensure or certification requirements dictated by law; or
6. Market demand.

In addition to the above factors, ever changing market conditions may dictate that the compensation plan be upgraded in order for individual departments to remain in a competitive posture with comparable jurisdictions.

Since it has been pointed out that the compensation plan needs to be updated on a periodic basis in order to remain internally equitable and externally competitive, the following general procedures should be followed in order to achieve these results:

On each occasion when a position is classified or reclassified, it will be necessary to review that position's pay grade assignment in order to ensure that equity between positions/classifications is maintained. If the position is assigned to a currently existing classification, it will only be necessary to reassign the position's pay grade to the level paid for that classification. If, on the other hand, the position is classified or reclassified to a new classification, i.e., a classification which does not currently exist, it will be necessary to point factor the new classification in order to determine the proper pay grade assignment.